

SAMHSA's Center for Financing Reform & Innovations (CFRI)

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The Center for Financing Reform and Innovations (CFRI) provides information, analysis, products, and technical assistance to address changes in the organization and financing of behavioral health care, and to guide Federal officials, States, Territories, Tribes, communities, and private payers on the most effective and efficient use of available resources to meet the prevention, treatment, and recovery support needs of the American public.

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National News

- **HHS finalizes 2015 provider network standards, proposes new cancelation policies.**
On March 14, **HHS** sent health insurers a [final letter](#), requiring them to expand provider networks in plans sold through federally-facilitated **Health Insurance Marketplaces** for plan year (PY) 2015. Among the requirements, Marketplace plans must include at least 30 percent of “essential community providers” in their service area, an increase from 20 percent in PY2014. According to the letter, the **Centers for Medicare & Medicaid Services (CMS)** will evaluate plans to ensure that they include a sufficiently broad provider network, with a particular focus on access to hospital systems, oncology providers, primary care providers, and mental health and substance abuse treatment providers. Meanwhile, HHS proposed a [rule](#) that would grant insurers additional authority to adjust plan benefits and costs. Under the rule, such changes would be considered modifications to a continuously existing plan, and HHS believes that the rule would minimize unnecessary terminations, while “reasonably providing issuers the flexibility to make necessary adjustments to coverage.” The rule would also implement new standards for numerous aspects of Marketplaces, including **Small Business Health Options Programs (SHOPs)**, reinsurance programs, navigators, enforcement remedies, certification criteria, and non-discrimination requirements. HHS also finalized a [rule](#) implementing program standards and eligibility criteria for state-administered **Basic Health Plans** that may be offered through Marketplaces ([Washington Post, 3/14](#)).
- **Medicare bill delays SGR changes, transition to ICD-10.** On April 1, **President Obama** signed the **Protecting Access to Medicare Act (HR 4302)** delaying **Medicare’s Sustainable Growth Rate formula (SGR)** physician reimbursement reductions until May 1, 2015. In addition to avoiding a reimbursement reduction of nearly 24 percent, the bill delays HHS’ implementation of the **International Classification of Diseases, 10th Edition (ICD-10)** diagnosis and procedure code set until October 1, 2015. HHS had previously planned to transition from ICD-9 to ICD-10 during 2014. The bill also repeals the ACA’s limit on small group health insurance plan deductibles ([Politico, 3/31](#); [FierceHealthcare, 3/28](#)).
- **Behavioral health pilot funded under Protecting Access to Medicare Act.** In addition to delaying the SGR reimbursement reduction and implementation of the ICD-10 code set, the **Protecting Access Medicare Act** includes \$25 million to enact a behavioral health pilot program based on the proposed **Excellence in Mental Health Act (S264)**. Under the bill, HHS will establish a two-year pilot program to certify and fund **community mental health centers (CMHCs)** in eight states as **Certified Community Behavioral Health Clinics (CCBHCs)**. Each CCBHC will provide services to individuals with serious mental illness and substance use disorders, including 24-hour crisis care and expanded counseling options. Under the pilot program, CCBHCs must pursue integrated services and expand their care coordination with federally-qualified health centers (FQHCs), inpatient psychiatric hospitals, acute care hospitals, other community agencies, and **U.S. Department of Veterans Affairs’** service centers. HHS will award the funds as state planning grants and require participating states to fund 10 percent of program costs ([National Council, 3/31](#); [Michigan Live, 4/1](#)).

- **SAMHSA to award up to \$84.3 million for behavioral courts and homeless individuals' behavioral health.** On March 10, **SAMHSA** announced plans to award up to \$64.8 million in **Cooperative Agreements to Benefit Homeless Individuals for States**. Under the cooperative agreements, states will develop or expand their behavioral health treatment systems' capacity to provide comprehensive services to veterans and other individuals who experience homelessness. SAMHSA also announced plans to award up to \$19.5 million in **Behavioral Health Treatment Court Collaboratives** to local criminal and municipal courts. Through these collaboratives, local courts will work with criminal justice organizations and community behavioral health providers to address the behavioral health needs of adults involved with the criminal justice system ([SAMHSA, 3/10](#); [SAMHSA, 3/24](#)).
- **SAMHSA offers up to \$243 million to benefit children & \$21.9 million to minority-serving institutions.** To expand behavioral health services for children, SAMHSA announced plans to award up to \$235 million in **Strategic Prevention Framework Partnerships for Success State and Tribal Initiative** (SPF-PFS) grants and up to \$8 million in **System of Care Expansion Planning** (SCEP) grants. SPF-PFS grants fund prevention programs targeting underage drinking and prescription drug misuse and abuse among individuals age 12 to 25, while SCEP grants support strategic planning efforts to expand and sustain the system of care approach to serving youth with serious emotional disturbances. Meanwhile, to promote behavioral health on campuses and in communities, SAMHSA announced plans to award up to \$20.4 million in **Minority AIDS Initiative Funding for Minority Serving Institutions- Partnerships with Community-Based Organizations** (MAI MSI CBO) and up \$1.5 million for a **Cooperative Agreement for the Historically Black Colleges and Universities Center for Excellence in Behavioral Health** (HBCU-CFE). MAI MSI CBO grants expand the substance abuse and HIV prevention and testing capacity of minority serving institutions, while the HBCU-CFE cooperative agreement enhances the network efforts of the 105 HBCUs and expands campus service capacity ([SAMHSA 3/25](#); [SAMHSA, 3/12](#); [SAMHSA, 3/13](#); [SAMHSA, 3/11](#)).
- **SAMHSA and USDA launch community behavioral health assessment pilot program.** On March 21, **SAMHSA** and the **U.S. Department of Agriculture** (USDA) launched the **Community Assessment and Education to Promote Behavioral Health Planning and Evaluation** (CAPE) program, with the support of **Michigan State University** (MSU). Under the program, MSU will conduct surveys and gather data at 10 pilot sites to help local officials gain information about the behavioral health status of their communities. The program is funded with \$3 million from SAMHSA's **Center for Behavioral Health Statistics and Quality** and organized through USDA's **Regional Centers for Rural Development** ([SAMHSA, 3/21](#)).
- **Foundation awards \$1.3 million for SBIRT programs.** To expand community behavioral health centers' substance use disorder screening capacity, the **Conrad Hilton Foundation** awarded the **National Council for Behavioral Health** \$1.3 million for **screening, brief intervention and referral to treatment** (SBIRT) grants. Under the terms of the award, the National Council will issue up to 30 SBIRT grants to centers, nationwide. According to the Foundation, the grants will primarily fund youth screenings and will demonstrate how HHS' **Early and Periodic Screening, Diagnosis and Treatment** (EPSDT) Medicaid mandate can fund SBIRT services ([National Council for Behavioral Health, 3/31](#)).

State News

- **Nevada and Oregon extend Health Insurance Marketplace enrollment.** Following IT difficulties and lengthy help center wait times, Nevada's state-based **Health Insurance Marketplace** extended its enrollment period from March 31 until June 1; however, the extension only applies to individuals who attempted to enroll before the original deadline. According to Nevada officials, after March 31, all help center staff will transition from answering general consumer questions to helping individuals complete applications. Meanwhile, in response to its ongoing technical difficulties, Oregon's Marketplace extended its open enrollment period until April 30. According to **Oregon Governor John Kitzhaber** (D), HHS Secretary Sebelius said that the ACA's **individual mandate** will not apply to Oregon residents who purchase coverage before April 30 ([Las Vegas Review-Journal, 3/21](#); [The Oregonian, 3/26](#)).
- **Maryland, Massachusetts, and Oregon address Health Insurance Marketplace IT issues.** Citing continuing IT difficulties, Maryland's state-based **Health Insurance Marketplace** announced plans to replace its consumer portal with software from the Connecticut Marketplace. Maryland will hire **Deloitte**, the contractor that developed Connecticut's consumer portal, to implement the new software. Meanwhile, Massachusetts terminated its contract with **CGI**, the developer of its consumer portal, due to continuing IT problems. Finally, **Oregon Governor John Kitzhaber** (D) signed a bill ([HB 4122](#)) requiring independent quality assurance oversight for all IT contracts over \$5 million and a bill ([HB 4154](#)) extending whistleblower protections to Oregon Marketplace employees ([Washington Post, 3/30](#); [Boston Globe, 3/21](#); [The Oregonian, 3/4](#)).
- **Arkansas Supreme Court overturns \$1.2 billion pharmaceutical judgment.** On March 20, the **Arkansas Supreme Court** overturned a lower court's finding that **Johnson & Johnson** (J&J) owed the state \$1.2 billion for improperly marketing the antipsychotic drug Risperdal and defrauding the state's Medicaid program. The Arkansas Supreme Court unanimously found that the law under which J&J was penalized, the [Arkansas Medicaid False Claims Act](#), only applies to health care facilities and was improperly invoked in this case. Since 2012, J&J has paid nearly \$2.4 billion to settle similar allegations with 36 states and the federal government ([New York Times, 3/21](#); [Arkansas Times, 3/20](#)).
- **Michigan alters funding for community mental health services.** In conjunction with the state's **Medicaid expansion**, **Michigan Lieutenant Governor Brian Calley** (R) signed a \$330 million supplemental budget ([SB608](#)), reducing funding for the state's **Community Mental Health** (CMH) system. The bill will reduce annual CMH funding from \$283.6 million to \$79.7 million, starting in the third quarter of FY2014. CMH funds mental health services for non-Medicaid enrollees as well as mental health services not covered by Medicaid. According to officials from multiple mental health organizations, funding from the Medicaid expansion may eventually offset the reduction; however, most organizations are preparing for budget reductions. The bill directs the **Michigan Department of Community Health** to issue a report determining the level of funding needed to sustain services for individuals who continue to be eligible for CMH services ([Traverse City Record-Eagle, 4/3](#); [NBC 7&4, 3/31](#)).

- **New Hampshire approves temporary Medicaid expansion.** On March 27, **New Hampshire Governor Maggie Hassan** (D) signed a bill ([SB 413](#)) expanding Medicaid to all individuals with incomes up to 138 percent of the **federal poverty level** (FPL) until 2015 or 2016. Under the bill, the state's existing **Health Insurance Premium Payment** (HIPP) program will cover all out-of-pocket costs for eligible individuals with access to employer-provided health insurance that meets ACA minimum essential coverage requirements. All other eligible individuals will receive coverage through New Hampshire's Medicaid managed care program, beginning July 1, 2014. Additionally, the bill directs the **New Hampshire Department of Health and Human Services** (NHDHHS) to submit a waiver to HHS that would allow the state to use federal Medicaid expansion funds to provide private health insurance premium assistance. Under the bill, if HHS does not approve the waiver by March 31, 2015, the Medicaid expansion will end on August 31, 2015. However, if HHS does approve the waiver, all eligible individuals enrolled in the Medicaid managed care program would transition to private plans sold through the state's **Health Insurance Marketplace** during the open enrollment period for PY2016. New Hampshire's bill is designed to end the Medicaid expansion coverage before the Federal share of the expansion cost is reduced from 100 percent to 95 percent in 2017 ([New Hampshire Union Leader, 3/27](#); [AP via Boston Globe, 3/27](#)).
- **New York: Insurer to submit denied behavioral health claims for independent review.** To resolve allegations of wrongly denying behavioral health claims, **MVP Health Care** reached a \$300,000 settlement with the **New York Office of the Attorney General** (NYOAG). In addition to the civil penalty, all MVP Health Care clients who have had behavioral health claims denied since 2011 may demand that MVP Health Care submit their claims for independent review. According to NYOAG, MVP Health Care has denied 40 percent more behavioral health claims than general medical claims, and the independent review could result in \$6 million in restitution. Under the settlement, MVP Health Care also agreed to reform its claims process, including ending visit limits on behavioral health services ([NYOAG, 3/20](#); [Syracuse Post-Standard, 3/19](#)).
- **North Carolina Medicaid reform plan would expand behavioral health integration.** On March 17, the **North Carolina Department of Health and Human Services** (NCDHHS) released its [plan](#) to replace the current fee-for-service Medicaid reimbursement system with networks of **Accountable Care Organizations** (ACOs). Under the plan, although the state's managed care system for behavioral health would not transition to the ACO model, NCDHHS would require ACOs to enter care coordination agreements with behavioral health providers. Additionally, the plan would reduce the number of behavioral health **Local Management Entity Managed Care Organizations** (LME-MCOs) from ten to four. Though it is still subject to legislative and HHS approval, NCDHHS expects the plan to save \$986 million in state and federal Medicaid expenses through FY2020 ([Winston-Salem Journal, 3/20](#)).
- **Virginia reforms emergency psychiatric system, establishes bed registry.** In the wake of recent events, **Virginia Governor Terry McAuliffe** (D) signed a series of bills ([SB260](#), [HB293](#), and [HB478](#)) reforming the state's emergency psychiatric system. The bills extend the length of time that individuals may be detained under an emergency custody order from six hours to twelve hours and require state hospitals to temporarily admit individuals after eight hours if no

private psychiatric bed has been located. Additionally, the bills require law enforcement officers to notify the local community service board as soon as practicable after executing an emergency custody order. The bills also require the **Virginia Department of Behavioral Health and Developmental Service** (VDBHDS) to establish a real-time psychiatric bed registry and submit an annual implementation report to the state legislature. Meanwhile, Governor McAuliffe also signed an [executive order](#) to continue the **Task Force on Improving Mental Health Services and Crisis Response**, charged with seeking and recommending additional improvements to the state's mental health crisis services. **Former Governor Robert McDonnell** (R) first convened the task force in January 2014. Virginia's House and Senate both passed FY2015 budgets that would increase funding for mental health ([Richmond Times Dispatch, 4/7](#); [Richmond Times-Dispatch, 3/1](#); [Richmond Times-Dispatch, 2/10](#)).

- **Washington expands Medicaid behavioral health integration.** On March 13, the **Washington State Legislature** passed a bill ([SB 6312](#)) requiring the **Washington Department of Social and Health Services** (WDSHS) to fully integrate general and behavioral health care by January 1, 2020. To facilitate the integration, the bill establishes new Medicaid contracting processes that allow behavioral health services to be billed in general health care settings and general health care services to be billed in behavioral health settings. Additionally, the bill directs WDSHS to reorganize its regional service areas to ensure that general health and behavioral health networks are geographically aligned. The bill also requires the **Adult Behavioral Health System Task Force** to provide recommendations that will facilitate integration and exempts hospitals that wish to add psychiatric beds during FY2015 from WDSHS certificate of need requirements. The Washington House of Representatives' [bill report](#) provides additional information. **Washington Governor Jay Inslee** (D) is expected to sign the bill ([Spokane Spokesman-Review, 3/16](#)).

Financing Reports

- **ACA driving reduction in uninsured.** "[As the economy improves, the number of uninsured is falling but not because of a rebound in employer sponsored insurance](#)" KFF. Holahan, J. & McGrath, M. March 11, 2014.
- **ACA saved 4.3 million Medicare enrollees \$3.9 billion in prescription drug costs in 2013.** "[7.9 million people with Medicare have saved over \\$9.9 billion on prescription drugs](#)" CMS. March 21, 2014 ([CMS, 3/21](#)).
- **Health Insurance Marketplace subsidies to total \$10 billion in 2014.** "[How much financial assistance are people receiving under the Affordable Care Act?](#)" Kaiser Family Foundation (KFF). Levitt, L. et al. March 27, 2014 ([Washington Post, 3/27](#)).
- **Many young adults' Medicaid coverage lapses within one-year of an inpatient psychiatric stay despite continued eligibility.**
 - "[Identifying young adults at risk of Medicaid enrollment lapses after inpatient mental health treatment](#)" *Psychiatric Services* 65(4). Davis, M. et al. April 1, 2014.
 - "[Medicaid lapses and low-income young adults' receipt of outpatient mental health care after an inpatient stay](#)" *Psychiatric Services* 65(4). Slade, E. et al. April 1, 2014.

- **Marketplaces in California and New York increased insurer competition.** [“Sizing up Exchange Market competition”](#) KFF. Cox, C. et al. March 17, 2014 ([Bloomberg, 3/17](#)).
- **“Measuring Marketplace enrollment relative to projections”** Urban Institute. Blumberg, L. et al. April 1, 2014.
- **“Medicaid and Marketplace eligibility changes will occur often in all states; Policy options can ease impact”** *Health Affairs* 33(3): 700-707 . Sommers, B. et al. March 2014.
- **Medicaid expansions may improve health care for jail-involved individuals.**
 - [“Medicaid expansion: Considerations for states regarding newly eligible jail-involved individuals”](#) *Health Affairs* 33(3): 455-461. Somers, S. et al. March 2014.
 - [“How health care reform can transform the health of criminal-justice-involved individuals”](#) *Health Affairs* 33(3): 462-467. Rich, J. et al. March 2014.
 - [“Integrating correctional and community health care for formerly incarcerated people who are eligible for Medicaid”](#) *Health Affairs* 33(3): 468-473. Patel, K. et al. March 2014.
 - [“Coverage expansion and the criminal-justice-involved population: Implications for plans and service connectivity”](#) *Health Affairs* 33(3): 482-486. Boutwell, A. & Freedman, J. March 2014.
- **Medicaid health homes implemented in 15 states through March 2014.** [“Seizing the opportunity: Early Medicaid health home lessons”](#) Center for Health Care Strategies. Moses, K. & Ensslin, B. March 2014.
- **Over 75% of uninsured children are eligible for Medicaid or CHIP.** [“Children’s health coverage: Medicaid, CHIP and the ACA”](#) KFF. Rudowitz, R. et al. March 26, 2014.
- **“Profiles of Medicaid outreach and enrollment strategies: Using text messaging to reach and enroll uninsured individuals into Medicaid and CHIP”** KFF. Gates, A. et al. March 7, 2014.
- **SHOP Marketplaces implemented in 17 states for 2014.** [“Implementing the Affordable Care Act: State action to establish SHOP Marketplaces”](#) Commonwealth Fund. Dash, S. et al. March 14, 2014.
- **Underinsurance affected an estimated 32 million individuals in 2013.** [“America’s underinsured: A state-by-state look at health insurance affordability prior to the new coverage expansions”](#) Commonwealth Fund. Schoen, K. et al. March 25, 2014 ([NBC News, 3/25](#)).